

CHAPTER 17 TSM MATCH FUNDS

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CHAPTER 17 TSM MATCH FUNDS

17.1 INTRODUCTION

Senate Bill (SB) 300, Chapter 105 and AB 471 Chapter 106 of the Statutes of 1989 authorized a State-funded program for Transportation System Management (TSM) projects on State and local principal arterials located within urbanized areas. The program is authorized for a ten year period extending from July 1, 1990 to June 30, 2000. The legislative intent is to fund the TSM Program at a level of approximately ten million dollars per year. For two years this program provided up to 100% State funding for both State and local TSM projects included on a statewide priority list.

In September 1992, the Governor signed Senate Bill 1435 which implemented the Federal Intermodal Surface Transportation and Efficiency Act (ISTEA) of 1991 and added Section 182.4 to the California Streets and Highways Code (S&HC). Under ISTEA, Federal funds are allocated to California for the Congestion Mitigation and Air Quality (CMAQ) Program and the Surface Transportation Program (STP). Section 182.4 S&HC mandates that the first priority for State TSM funds is to match the Federal funds for CMAQ and qualifying Regional STP (RSTP) funded projects. [Regional STP funds are the portion of the STP funds allocated to the Metropolitan and Regional Transportation Planning Agencies (MPOs and RTPAs)].

All CMAQ funded projects qualify for State TSM matching funds; however, only certain types of RSTP projects qualify. State TSM matching funds are restricted to RSTP projects that are TSM, High Occupancy Vehicle (HOV), or Transportation Control Measure (TCM) type projects.

17.2 PROJECT ELIGIBILITY

State TSM matching funds are available to both urban and rural areas; however, the major portion goes to urbanized areas since: 1) few non urbanized areas will have HOV lanes, 2) TCM projects are typically located in air-quality, non-attainment areas. (only five non urbanized counties, San Benito, Placer, El Dorado, Kern and Madera, are in non-attainment areas), and 3) RSTP (TSM) projects located outside of urbanized areas are not eligible for TSM matching funds since TSM project eligibility criteria limits the use of TSM funds to urbanized areas.

Since the TSM funds for matching CMAQ/RSTP Federal funds are State gas tax funds, Article XIX provisions of the State Constitution apply. Article XIX limits projects to highway or fixed guideway facilities. Section 1 of Article XIX states that:

“Revenues from taxes imposed by the State on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of collection and any refunds authorized by law, shall be used for the following purposes:

- a) The research, planning, construction, improvement, maintenance and operation of public streets and highways (and their related public facilities for non motorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- b) The research, planning, construction, improvement, maintenance and operation of public streets and highways (and their related public facilities for non motorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- c) The research, planning, construction, and improvement of exclusive public mass transit guideways (and their related public facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right of way for public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment and services.”

A main limitation of Article XIX precludes the use of State match funds for purchasing buses or other rolling stock. Eligibility interpretations under Article XIX are often required to determine eligibility of various transit related projects.

17.3 FEDERAL MATCH CONSIDERATIONS

State TSM match funds provide the local match for the basic 88.53 percent and 80 percent fully funded Federal-aid projects. However, 100 percent Federal reimbursement is available for certain safety projects as provided by Section 120(c) of Title 23. The local agency and/or the MPO/RTPA have the option of using 100 percent Federal funding or the basic Federal reimbursement ratio and State matching funds.

When a minimum of 75 percent of the total project construction costs are eligible for State TSM matching funds, then the entire project is considered eligible for State TSM match.

If the eligible portion is less than 75 percent, then only the qualifying portion is eligible for State TSM matching funds. The contract items must be segregated to accurately reflect the eligible portion of the project.

17.4 ELIGIBILITY DETERMINATION

The following procedures are used to determine project eligibility for TSM matching funds:

1. The MPO/RTPA should determine if the local transportation project is eligible for TSM match funds. The project should be included in the Federal Statewide Transportation Improvement Program (FSTIP). The State TSM match funds should be identified in the FSTIP.
2. The District Local Assistance Engineer (DLAE) should verify inclusion of the project in the FSTIP and make an initial determination of CMAQ/RSTP project eligibility for TSM matching funds at the field review or as appropriate from project information. If the District and local agency agree that all or part of the project is eligible the DLAE should indicate so on the field review form.

Sufficient detail, usually in the form of a segregated engineer's estimate, is required to determine the eligible costs and matching requirements.

4. The OLP Area Engineer reviews the request for the State TSM matching funds. If the OLP Area Engineer concurs with the request, a Program Supplement, that reflects the TSM match funds, is prepared by OLP and sent to the local agency for execution. TSM match funds are not voted by the California Transportation Commission (CTC).
5. If the OLP Area Engineer is uncertain as to project eligibility, a consultation with Caltrans Headquarters Traffic Operations in Sacramento is made.

Traffic Operations consults with the Division of Transportation Programming and respond back with a co-signed recommendation.

6. The OLP, Headquarters Traffic Operations, and Headquarters Transportation Programming meet as needed to make final decisions on questionable projects.
7. When appropriate, the finance letter prepared by the DLAE should show the State TSM funds as match to the eligible Federal funds. The project costs are generally based on contract bid or right-of-way amounts.
8. Local agency invoices for reimbursement should also list the TSM matching funds as local match.

Caltrans Headquarters Transportation Programming prepared "Guidelines for Matching RSTP and CMAQ Projects with State TSM Funds" ([see Exhibit 17-A](#)). The guidelines discuss Article XIX provisions of the State Constitution and TSM, TCM, and HOV requirements. In addition, these guideline provide resource information for State matching eligibility.

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GUIDELINES FOR MATCHING

Regional Surface Transportation Program

and

Congestion Mitigation and Air Quality Improvement Program

projects from funds appropriated to the
Transportation System Management Program

April 18, 1994

(Revised June 6, 1996 to remove special match-rate for bicycle projects per Federal CMAQ Guidelines,
dated March 7, 1996)

California Department of Transportation
Division of Transportation Programming
Sacramento, California

I. PURPOSE

A. These Guidelines are for use in implementing Section 182.4 of Chapter 1177 of the Statutes of 1992 (SB 1435) which allow funds appropriated to the State Traffic System Management (TSM) Program by Section 164 of Chapter 105 of the Statutes of 1989 (SB 300), to be used as the necessary State or local "match", where appropriate, for two new Federal programs included in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The two programs are the local portion of the Surface Transportation Program (called Regional Surface Transportation Program or RSTP) and the entire Congestion Mitigation and Air Quality Improvement Program (CMAQ).

B. The Guidelines are not required to be formally adopted by the California Transportation Commission.

II. BACKGROUND

A. The RSTP and CMAQ Program are two separate, discrete, Federal programs. Both were included in the same State legislation because the types of projects that the legislature desired "matched" are common to both programs: Transportation Control Measures (TCMs), TSMs, and HOV Lanes (High Occupancy Vehicle Lanes). Both Programs are considered "local" in that project selection, development, and implementation are the prerogatives of the sponsoring transportation agency, usually a Metropolitan Planning Organization (MPO) or a Regional Transportation Planning Agency (RTPA).

B. Even though this match program is related to a common theme between programs, it is important to remember that each program is separate in its own right and has to be treated as such; the match only becomes a funding source after a project has met the requirements for its respective program. The CMAQ Program has its own Federal program guidelines; the RSTP, because of its broad nature, has no definitive guidelines.

C. SB 1435 requires that the first priority for funds appropriated to the State TSM Program is to provide the amount needed to match Federal funds provided to the CMAQ Program, and for eligible TSM, HOV, and TCM projects funded from the RSTP. It also defines TCM and HOV projects as TSM projects. The result of these interrelationships is that funds provided by this legislation can be used as matching requirements for a wide variety of projects. Figure 1 illustrates program relationships.

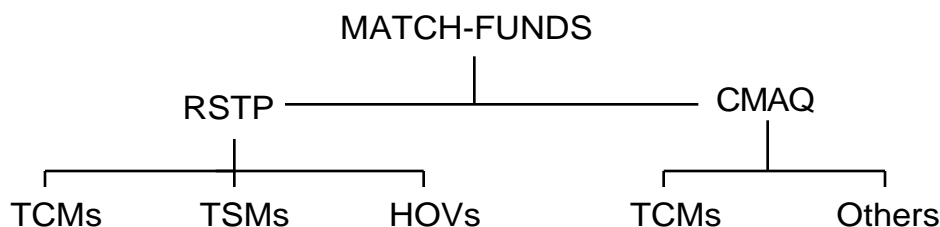


Figure 1 - Relationship Among Match Funds and Specific Programs

The following is a brief description of each of the affected programs. (These are included as general background information, and to emphasize that to be eligible for match-funds a project first has to meet its own program eligibility requirements.)

TSM

D. The TSM Program, as defined in Section 164.1 of Chapter 775 of the Statutes of 1991, includes "those projects designed to increase the number of person-trips which can be carried on the highway system in a peak period without significantly increasing the designed capacity of the highway system when measured by the number of vehicle-trips and without increasing the number of through traffic lanes". SB 1435 broadened this definition to include HOV lanes and the TCMs as listed in the 1990 Clean Air Act.

E. The Department developed TSM Program Guidelines, subsequently adopted March 31, 1993, by the California Transportation Commission that describe, among other program criteria, TSM project eligibility criteria.

Regional STP

F. Section 133 of the ISTEA created the STP. By formula allocation, funds allocated to the STP are provided to both State and local transportation entities. The local portion is known as the Regional STP and can be used, at their discretion, for a wide variety of project types. These "match" Guidelines pertain only to the RSTP portion of the STP. Projects funded from other STP categories, e.g., Transportation Enhancement, are not eligible for the match.

CMAQ

G. Similar to the STP, Section 149 of the ISTEA instituted the CMAQ Program. However, unlike the STP, use of CMAQ funds has strict eligibility criteria: projects are limited to those which are likely to contribute to the attainment of the National Ambient Air Quality Standard (NAAQS), defined as the TCMs listed in the 1990 Clean Air Act (CAA); projects included in an approved State Implementation Plan (SIP); and projects likely to contribute to the attainment of the NAAQS.

H. The Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) have developed and promulgated guidelines outlining CMAQ project eligibility criteria. Because of the Federal Guidelines, Caltrans does not have, nor does it intend to develop, its own program guidelines. The Federal CMAQ Guidelines are included in this Chapter.

TCMs

I. TCMs, as used in these Guidelines, are defined as those TCMs referred to in the CAA and subsequently in the ISTEA. A TCM may also be a project that is included in a SIP approved by the Environmental Protection Agency (EPA).

III. GENERAL ELIGIBILITY

- A. To be eligible for match-funds the respective RSTP or CMAQ project must first be an eligible RSTP or CMAQ project.
- B. SB 1435 limits RSTP projects eligible for match-funds to HOVs, TCMs, and eligible TSM projects. TSM projects occur in urbanized areas, therefore, to be eligible for match-funds these types of RSTP projects must be in an urbanized area as defined by the U.S. Bureau of the Census. HOV projects are usually in urban areas, however, there are instances where such projects may pass through non-urban areas, in which case the project will be eligible for match-funds.
- C. TCMs are common to both the RSTP and CMAQ Program and are measures to aid in meeting NAAQS. Because of their nature, TCMs are not constrained to highway systems or transit systems, but rather are constrained only by eligible areas, i.e., air nonattainment areas.
- D. All Federally participating costs of a project will be eligible for match-funds.

IV. MATCH-FUNDS ELIGIBILITY

Figure 2 illustrates the relationship among the major programs (RSTP, CMAQ) and the match-funding criteria, and will be helpful for an understanding of eligibility.

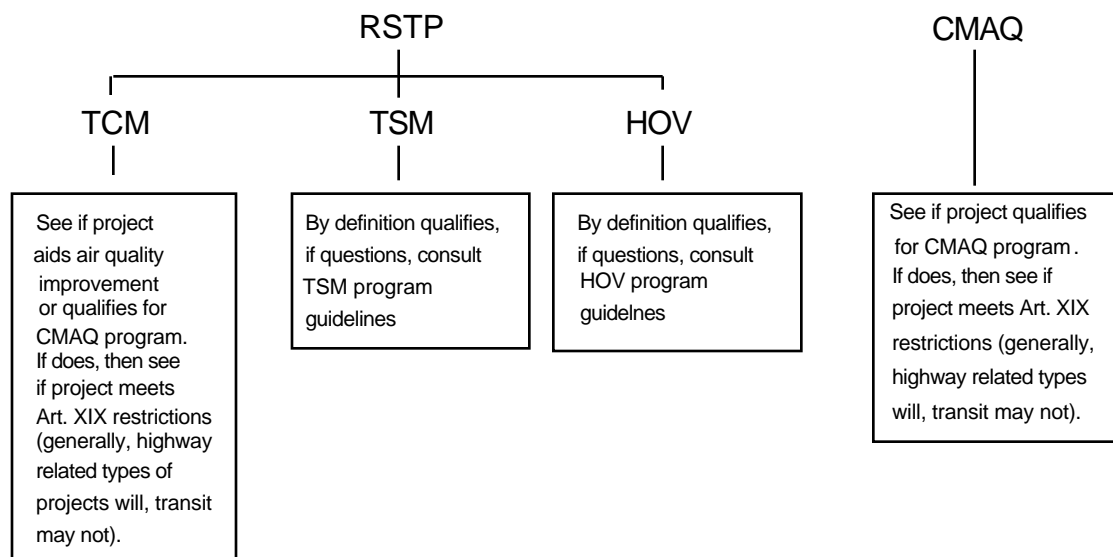


Figure 2 - Match-Funding Qualification Criteria

RSTP Program

A. SB 1435 defines RSTP projects eligible for match-funds as "high occupancy vehicle lanes, transportation control measures, and eligible traffic systems management projects..". To receive match-funds the following criteria related to project type has to be met:

1. TSM projects - Any TSM project which meets the criteria listed in the Adopted TSM Program Guidelines will be eligible.
2. HOV projects - By definition, HOV projects involve roadway related work, therefore will qualify for match-funds. However, if any questions arise concerning the eligibility of an HOV project (e.g., is the project even an HOV project) Caltrans' HOV guidelines should be consulted; these are available from any Caltrans District office or Headquarters.
3. TCM projects - TCM projects are measures to aid in meeting NAAQS and include a wide variety of project types. To receive match-funds, a RSTP project that funds a TCM must 1) be included in a document that refers to the project as one that will benefit air quality, e.g., air conformity plan, or 2) meet CMAQ eligibility criteria. In both instances, State Constitutional Article XIX restrictions must be met (see discussion below).

CMAQ Program

B. The CMAQ Program is composed of essentially three parts: TCMs as listed in the CAA, projects in an approved SIP, and other projects which may aid in the attainment of NAAQ standards. These are not mutually exclusive and, in fact, are usually the same types of projects. To be eligible for match-funds the following two criteria must be met:

1. The CMAQ project must first be eligible for general CMAQ funding as outlined in the Federal Guidelines; and
2. If eligible under the Guidelines, the project then must meet the criteria of Article XIX of the State Constitution (see Attachment E) which, in part, specifies and limits the purposes for which State fuel tax may be used. (This requirement is necessary because TSM funds are derived from the State Highway Account.) Some projects may qualify as TCMs and be eligible for RSTP or CMAQ funding but may not be eligible for the match because they do not meet the criteria in Article XIX. The best examples are transit vehicle purchases and transit operating expenses. [Because of the broad nature of Article XIX it is believed a listing of eligible (or ineligible) project types would be confusing and could inhibit innovative projects. If questions regarding eligibility should arise, please contact your respective district programming/planning representative.]

E. If not eligible for Match funds due to Article XIX prohibitions, the project must be matched with other sources of revenue not subject to the provisions of Article XIX, e.g., local sales tax revenue.

V. PROGRAM PROCEDURES

- A. The match-funds will only provide the minimum match amount necessary to meet Federal requirements for CMAQ and RSTP projects. An exception will be made for certain safety related projects (Section 120(c) of Title 23 U.S.C.) eligible for 100% Federal funding. In these instances match-funds will be provided as if the project were a normal RSTP project.
- B. Match-funds will be made available to eligible projects effective the date the ISTEA was signed into law, December 18, 1991. (To initiate the process for receiving match-funds for eligible projects retroactive to December 18, 1991, contact the respective Caltrans District Office, Office of Local Assistance.)
- C. The amount of match-funds for each project will be determined by the respective programming agency during the preparation of their Transportation Improvement Program (TIPs).
- D. The maximum amount eligible for each project will be that ratio necessary to meet Federal matching requirements. For most RSTP and CMAQ projects, this presently is 11.47%.
- E. For partially funded projects, the maximum amount eligible for match-funds will be based on the amount of Federal RSTP or CMAQ funds, not the total project amount. (For example, if a project has 50% CMAQ funding and 50% local sales tax funding, only the CMAQ portion would receive match-funds.)
- F. If, after TIP approval, during the "field" review or construction phase of a project, the eligible RSTP or CMAQ portion remains at, or exceeds 75% of the project total, match-funds will be determined based on the total project amount. [This is intended to save the project sponsor administrative effort in separating small amounts of non-qualifying work ("incidental work") that is usually associated with a project.]
- G. Once approved, if a project's cost increase is funded by additional Federal RSTP or CMAQ funds, the appropriate ratio will be funded by match-funds.
- H. Match-funds are considered State funds.
- I. Match funds are to be shown as "State" funds in the region's TIP.
- J. Once programmed, to be eligible for funding, a project must be in an approved Federal TIP.
- K. Once in an approved Federal TIP, terms for payment for reimbursement of match-funds will be included in the normal CMAQ or RSTP agreement between the sponsoring agency and the Department. The Division of State and Local Project Development is the responsible Caltrans Division for this procedure. Each Caltrans District has an Office of Local Assistance representing this Division. To initiate a project, the project sponsor shall contact it's respective District Office of Local Assistance.

L. Accounting procedures will be in compliance with the procedures in the Department's Local Programs Manual.

(1) For eligible projects administered by the FTA, the Department and the respective local agency will follow the Local Programs procedures for Program Supplements. If the match on FTA projects is less than \$300,000, the local agency may invoice Caltrans for the full amount after executing the Program Supplement. For FTA projects with more than \$300,000 in match-funds the agency may invoice monthly on a reimbursement basis.

(2) All other projects will be reimbursed based on actual costs upon receipt of an executed agreement and an invoice for both the Federal and match-funds.

(3) If the match funds are used to match Federal funds, a separate audit is not required unless requested by the Department.

M. If a question arises concerning project eligibility for match-funds prior to inclusion in the TIP, the project sponsor should contact the respective District Programming Office. After inclusion in an adopted TIP, if questions arise the sponsor should contact the respective District Office of Local Assistance.

N. Many questions regarding match-fund eligibility will actually pertain to whether a particular project is eligible for either RSTP or CMAQ funding. These questions should be addressed by the respective transportation planning agency and Caltrans District during the development of the region's TIP.

END

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